turn around proposal for its revival which *inter-alia* included waiver of losses.

(b) and (c) The said proposal is presently under the consideration of the Government and no decision has yet been taken on this matter.

Heavy losses in Steel Industry

1198. MISS MABEL REBELLO: Will the Minister of STEEL be pleased to state:

(a) whether steel industry is incurring heavy losses for the last two years and all our steel plants are in bad shape after the globalisation policy;

(b) whether Government have any plan to rectify the situation and help the steel plants to come out of the financial crisis;

(c) whether the technology of our plants are out-dated;

(d) what makes our steel internationally incompetitive, despite having our own iron ore, cheap manpower, technocrats etc; and

(e) whether Government are offering any incentives to the steel industry?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI DILIP RAY): (a) Indian Iron and Steel industry has been passing through a difficult phase in the last two years. The difficulties were caused by slow down in the growth of domestic demand, cheap imports from CIS and other countries due to fall in international price and increase in inputs costs. As a result of the above, capacity utilisation came down and most of the producers reported losses or decrease in profits.

(b) and (e) Government have taken the following steps to overcome the crisis faced by the steel industry:—

(i) Government has imposed anti-dumping on hot rolled coils, hot rolled strips/sheets/plates and boiler quality plates, imported from Russia and Ukraine on 27.11.1998.

(ii) Government has announced floor prices for import of certain finished steel items including seconds and defectives in December, 1998 to restrict their imports at very low prices.

(iii) Rationalisation of duty entitlement pass book (DEPB) rates for steel exports has been carried out to boost exports.

(iv) Enhanced project financing to steel sector by All India Financial Institutions and relaxation of ECB norms has been strongly recommended.

(c) Some plants, in some areas, are still using old technology.

(d) The cost of the steel of SAIL is lower as compared to some other steel producing countries like U.K., France, Japan and Germany. However, the cost of Steel has been adversely affected, inter-alia, by higher capital and finance cost, higher power and other tariffs and lower productivity.

Privatisation of SAIL

1199. SHRI ABANI ROY: Will the Minister of STEEL be pleased to state:

(a) whether M/s. Mckinsey and Co., and International consulting firm, has suggested privatisation of SAIL;

(b) if so, the basis on which an International consulting firm has recommended privatisation of SAIL; and

(c) the reaction of Government in this regard?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI DILIP RAY): (a) and (b) M/s. Mckinsey & Company has recommended in its report "A Competitiveness Plan for SAIL" that the Government of India should consider eventually privatising SAIL after the implementation of the Competitiveness Plan suggested by it. The reasons advanced by the firm are:

(i) SAIL should be freed from the constraints of Government ownership to ensure its long-term survival and profitability in the highly competitive steel industry; and

(ii) The implementation of the Competitiveness Plan will make SAIL attractive to private inventors due to its low cost plants, which will result in better realisation to its shareholders.

(c) The Government has not taken any decision in the matter.